



Annual Performance Report 2018

May 2019

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM



Annual Performance Report 2018

May 2019

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Board of Governors of the Federal Reserve System
Washington, DC 20551
(ph) 202-452-3245
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(email) Publications-BOG@frb.gov

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Preface

The Board of Governors of the Federal Reserve System's (Board) *Strategic Plan 2016–19* identified critical strategic challenges and forward-leaning organizational objectives, and set forth initiatives and activities to move the organization toward the envisioned future state.¹ This document, the *Annual Performance Report 2018*, summarizes the Board's accomplishments in 2018 toward achieving the objectives identified in the *Annual Performance Plan 2018*.²

¹ The *Strategic Plan 2016–19* is available on the Federal Reserve Board's website, <https://www.federalreserve.gov/publications/gpra.htm>.

² The *Annual Performance Plan 2018* is available on the Federal Reserve Board's website <https://www.federalreserve.gov/publications/files/2018-gpra-performance-plan.pdf>.

The Board issues these reports in the spirit of the Government Performance and Results Act (GPRA) of 1993, which requires that federal agencies prepare a strategic plan covering a multiyear period and submit an annual performance plan and annual performance report. While the Board is not covered by the GPRA, the Board voluntarily complies with the spirit of the GPRA and, like other federal agencies, publishes a strategic plan as well as an annual plan and an annual performance report.

Introduction

The Board's longstanding mission is to foster the stability, integrity, and efficiency of the nation's monetary, financial, and payment systems and to promote effective economic performance. The Board's mission is rooted in the Federal Reserve System's (System) statutory mandates and on a set of core institutional values:

- **Public interest.** In its actions and policies, the Board seeks to promote the public interest. It is accountable to the public and the Congress.
- **Integrity.** The Board adheres to the highest standards of integrity in its dealings with the public, the U.S. government, the financial community, and its employees.
- **Excellence.** The conduct of monetary policy, responsibility for bank supervision, and maintenance of the payment system demand high-quality analysis, high-performance standards, and a secure, robust infrastructure. The pursuit of excellence drives the Board's policies concerning recruitment, selection, and retention of employees.
- **Efficiency and effectiveness.** In carrying out its functions, the Board recognizes its obligation to manage resources efficiently and effectively on behalf of the U.S. taxpayer.
- **Independence of views.** The Board values the diversity of its employees, input from a variety of sources, and the independent professional judgment that is fostered by the System's regional structure. It relies on strong teamwork and consensus building to mold independent viewpoints into coherent, effective policies.

The Board considers strategic planning a critical factor for ensuring the long-term effectiveness and efficiency of operations. The Board's *Strategic Plan 2016–19* identified critical organizational challenges faced by the Board and was organized into six strategic pillars to guide key investments, align resources,

and implement changes over the four-year planning period. They include:

1. **Project development and resource allocation.** Improve project management capabilities and align resources to support current and emerging programs central to the Board's mission.
2. **Workforce.** Uphold the Board as a sought-after place to work that attracts highly qualified individuals and embraces the range of similarities and differences each individual brings to the workplace, including thought, experience, and background.
3. **Physical infrastructure.** Build a productive, collaborative work environment through the tailored use of space, technology, and design.
4. **Technology.** Empower operational excellence, efficiency, and security through innovative technology platforms.
5. **Data.** Research, analyze, and respond to economic and financial developments, challenges, and issues, as well as safety and soundness, consumer protection, and financial stability risks through enhancement of the Board's data management and analytics environment.
6. **Public engagement and accountability.** Increase understanding and appreciation of the Board's mission through public engagement and accountability.

The Board recognizes that there are differences between government and private-sector strategic planning and measurement of those efforts. While private-sector planning often relies on measures of revenue, the Board measures its performance relative to public policy objectives. The *Annual Performance Report 2018* presents the results for the most significant and strategic projects, initiatives, and investments that support the Board's long-term goals and objectives. However, given the large scope of work

performed by the Board, this report is not encompassing of all activities.

Throughout the strategic planning period, senior leadership reassess priorities to take into account changing circumstances, environmental factors, and trends, and re-aligns resources and implements changes based on changing priorities. The Board also reviews initiatives, works to develop cost-saving strategies, and identifies efficiency gains as part of

ongoing strategic efforts. Strategic investment reviews also accompany an agenda of management process changes that keeps major investments on track, identifies additional opportunities for cost savings, and improves overall operations.

This report summarizes the Board's accomplishments in 2018 toward achieving the initiatives identified in the *Annual Performance Plan 2018*, organized by strategic pillar and objective.

Key Accomplishments

In 2018, the Board completed many projects and initiatives in support of its mission. While not an exhaustive list, following is a summary of key accomplishments throughout the organization.

A core component of the Board's work includes research to help inform policy decisions. During 2018, the Board published several reports reflecting its findings, including:

- The *Survey of Household Economics and Decision-making* (SHED), which provided new estimates of mobile banking use in 2017, including information on the types of users and their behaviors.
- The annual report on the *Economic Well-Being of U.S. Households for 2017*, as well as new data collected through the SHED.
- The annual report to Congress, *Preserving Minority Depository Institutions*, on interagency efforts to “preserve and promote” Minority Depository Institutions (MDI) in 2017.

In 2018, the Board released three inaugural publications to enhance transparency and provide detailed communication and analysis on important areas affecting the banking system and U.S. economy:

- The *Supervision and Regulation Report* summarized current banking system conditions and the Board's recent supervisory and regulatory actions.
- The semiannual *Financial Stability Report* provided the public with more information about the Board's assessment of U.S. financial stability.
- The *Consumer Compliance Supervision Bulletin* provided supervisory observations regarding fair lending in the areas of redlining, pricing, and underwriting, as well as certain unfair or deceptive acts or practices (UDAP) involving certain consumer loans.

The Board issued three interim final rules under the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA), which amended

agencies' liquidity rules around certain eligible municipal securities, expanded the number of foreign bank insured depository institutions that qualify for 18-month examinations, and expanded the applicability of the small bank holding company policy statement.

The Board also issued a final rule with the Federal Deposit Insurance Corporation (FDIC) and the Office of the Comptroller of the Currency (OCC) that increased the threshold for commercial real estate transactions requiring an appraisal from \$250,000 to \$500,000.

Throughout the year, the Board worked collaboratively with a variety of academic, financial, community, and international stakeholders to fully appreciate the diverse positions on issues germane to economic stability while continuing to foster public engagement and accountability.

The Board co-sponsored a convening of Native American Community Development Financial Institutions, banks, and credit unions at the Flathead Indian Reservation with the Federal Reserve Bank (FRB) of Minneapolis's Center for Indian Country Development, as well as hosted a Housing Supply Convening exploring the current housing shortage in the United States and associated policies. Additionally, the Board collaborated with FRB Richmond to organize community group meetings and a tour of low- and moderate-income areas of Baltimore, Maryland, with Governor Lael Brainard.

In 2018, the Board introduced the *Janet L. Yellen Award for Excellence in Community Development* to recognize the exemplary work of staff who provide leadership and demonstrate outstanding achievement in community development activities that further the System's responsibilities and goals.

The Board also enhanced the nation's currency program by piloting *Visual Management in Intaglio* with the Bureau of Engraving and Printing (BEP) and

introduced, in partnership with the FRB New York, the Foreign Bank International Cash Services program as the newest addition to the Federal Reserve System's International Cash Services framework. The Board also launched its first available application for currency public education, *Money Adventure*, geared toward school-aged children.

In addition to executing the Board's central mission of maximum employment and stable prices, focus remains on investment in people, data, technology, and physical infrastructure. Work efforts continued to support long-standing programs that promote equal employment and workforce diversity and foster an inclusive and collaborative work environment that recognizes, appreciates, and effectively utilizes the talent, skills, and perspectives of every employee.

To further develop workforce-planning capabilities, the Board introduced and conducted pilot programs with key stakeholders. Furthermore, the Board hosted System participants to promote leadership skill development and to provide broad exposure to the Board. Finally, the Board enhanced its New Employee Orientation program to reduce onboarding classroom time, improve the employee experience, and to attract and retain diverse, highly qualified talent.

The Board made progress in both data and technological infrastructures by obtaining the authorization to operate a high-performance infrastructure for Board data assets. The Board completed the implementation of the Records Email Vault (REV) solu-

tion to comply with the National Archives and Records Administration mandate for automatic retention of email and instant messages as records. The Board also completed enforcement of Personal Identity Verification card authentication for all users, bringing the Board to 100 percent compliance with the National Institute of Standards and Technology's authentication requirements.

Ongoing efforts to optimize the work environment include continued work to renovate the William McChesney Martin Jr. Building (Martin Building). Additionally, the Board finalized the acquisition of the 1951 Constitution Avenue NW Building (1951 Building).

Jerome H. Powell took office as Chair of the Board of Governors of the Federal Reserve System on February 5, 2018, for a four-year term.³ He has served as a Board member since May 25, 2012. Chair Powell swore in two new Governors in 2018: Michelle W. Bowman, to fill an unexpired Board member term ending January 31, 2020, as well as Richard H. Clarida, to fill an unexpired Board member term ending January 31, 2022, and a four-year term as Vice Chair.⁴

³ See the Board of Governors of the Federal Reserve System, <https://www.federalreserve.gov/aboutthefed/bios/board/powell.htm>.

⁴ See the Board of Governors of the Federal Reserve System, <https://www.federalreserve.gov/newsevents/pressreleases/other20181126a.htm> and <https://www.federalreserve.gov/newsevents/pressreleases/other20180917a.htm>.

Strategic Pillar 1: Project Development and Resource Allocation

Goal: Improve project management capabilities and align resources to support current and emerging programs central to the Board's mission.

Objective 1.1: Establish effective processes and policies to manage priorities and enable resource allocation in support of current, expanded, or emergent mission priorities.

The Board will develop and enhance processes and policies for prioritizing and allocating resources that allow the organization to respond quickly and effectively to new challenges as well as changes to existing requirements.

Projects and Initiatives

- Improve the budget development process by educating users on development tools and reporting, improving multiyear forecast quality while reducing cycle time, aligning with the Board's strategic plan, and enhancing performance monitoring through the functional costing approach.
 - Implemented process improvements to budget-forecasting methodology, which helped reduce forecasting cycle time, resulting in more timely and relevant information to the Committee on Board Affairs.
 - Completed a reprioritization process for the 2019 budget to direct underutilized funding from continuing operations to strategic priorities related to data, physical infrastructure, technology, and workforce.
 - Developed Board and functional profiles, and enhanced division profiles and financial management reports to improve financial performance reporting and analysis.

- Incorporated centralized budget execution adjustments, per capita metrics, and other data-driven analyses into the 2019 budget development process to better align budget resources and needs.
- Continue to develop a Boardwide Enterprise Risk Management (ERM) program to enhance the organization's risk-management processes.
 - Established the Board Risk Committee to serve as an advisory group in guiding the ERM program.
 - Initiated the Risk Incident Capture and Reporting pilot.
 - Completed risk assessments in two divisions.
- Inform and advance Federal Reserve policymaking and research on consumer financial and economic conditions, supervisory matters, and community economic development opportunities and challenges, as well as inform public understanding of these economic inclusion topics.
 - Published research that presented new estimates of mobile banking use in 2017, as well as insights on types of users and their behaviors using data from the *SHED* and mobile banking surveys.⁵
 - The research reviewed estimates of mobile banking use to inform discussions about consumer access to banking services and tools for account management.
 - Released the book, *Investing in America's Workforce: Improving Outcomes for Workers and Employers*, in collaboration with the System's community development offices, the John J. Heldrich Center for Workforce Development at Rutgers University, the Ray Marshall Center for

⁵ Published as a FEDS Note. See the Board of Governors of the Federal Reserve System, <http://www.federalreserve.gov/econres/notes/feds-notes/mobile-banking-a-closer-look-at-survey-measures-20180327.htm>.

the Study of Human Resources at the University of Texas at Austin, and the W.E. Upjohn Institute for Employment Research.⁶ The three-volume collection features the knowledge and experience of workforce and community practitioners and scholars from around the nation.

- Implement enhancements to the FRB oversight processes to improve effectiveness and to ensure an appropriate risk focus, including
 - oversight of the information technology (IT) business model of the System Information Technology Strategic Plan; and
 - oversight of the System’s efforts to define, procure, and implement new Enterprise Resource Planning (ERP) applications, such as
 - continued to oversee the FRB’s efforts to define, procure, and implement new ERP applications; these activities are intended to allow the FRBs to implement efficient, cost-effective, and strategic long-term solutions, including supporting activities to align human resources (HR) processes and programs, focused on potentially integrating Human Capital Management (HCM) and Financial Management platforms across all FRBs;
 - revised the FRB oversight model, completing section discussions on both 2019 and multi-year oversight plans, building on identified strategic themes, and developing a comprehensive list of planned oversight activities;
 - implemented three strategic planning work streams to better align activities with key program objectives and completed 2019 oversight planning based on top risk areas; and
 - provided System leaders with an interim letter summarizing oversight and observations to date on the System’s Financial Management and Planning (FMP) and HCM projects.
- Advance broad efforts across the System to fulfill institutional commitments to ensure leadership becomes more representative of American society and therefore better able to provide the diversity of perspective that is critical for discharging, as effectively as possible, the range of responsibilities set forth in the Federal Reserve Act.

- Formulated a framework for developing future potential senior leaders throughout the nation, including identifying ways to engage with them and help them become familiar with the System. These activities support the System’s commitment to ensure future leadership becomes more representative of society and better able to provide a diverse perspective.

- Created a portfolio view of existing senior leadership throughout the System, which recognizes diversity of personal background and experiences.
- Hosted System participants at the Board to help develop leadership skills and provide broad exposure.

Objective 1.2: Develop and apply repeatable processes and project management capabilities.

The Board must be able to execute new and ongoing projects successfully using project management capabilities and implementing best practices.

Projects and Initiatives

- Enhance the security, resilience, and educational elements of the U.S. currency program by working with the U.S. Department of the Treasury and the Bureau of Engraving and Printing (BEP) to design a new, highly secure family of banknotes that can be efficiently produced.
 - Piloted *Visual Management in Intaglio* with the BEP, a best practice in manufacturing process controls that will allow the BEP to gain additional quality controls over the printing processes.
 - Launched the Currency Product Monitoring work stream to support process monitoring and control, and defined inspection requirements with the quality specialists to ensure a robust inspection process.
 - Completed all development in preparation to launch the Currency Education Program’s (CEP) mobile app, *Money Adventure*, the Board’s first available application for public currency education.
 - Introduced the Foreign Bank International Cash Services program as the newest addition to the

⁶ Information about the *Investing in American’s Workforce* initiative available at <http://www.investinwork.org/Book>.

International Cash Services framework, in partnership with the Board and FRB New York.

- The program is designed to permit certain foreign banks that do not have a presence in the United States to open limited-purpose master accounts on the books of the FRB New York and to use those accounts to access Federal Reserve currency services in connection with their international banknote operations.

—Collaborated with the BEP to develop a design process for the next family of banknotes, including evaluating common themes and security features and developing an assessment for resisting counterfeiting, including

- established process maturity roadmaps to guide the BEP in assuming full responsibility for the mature, quality-related processes already developed;
- developed an executive program review to evaluate program performance and identified alternatives to ensure the BEP prints to quality standards and uses established criteria and processes;
- developed and tested a framework and operational procedure manual to be used during business continuity events to improve resiliency;
- participated in the System’s Strategic Refresh initiative, which addressed potential policy changes;
- expanded digital content offerings to the global public and included launching a youth segment of the education program, as well as new animated videos and a podcast series; and
- evaluated the information architecture of uscurrency.gov and introduced a new information architecture for the site based on feedback and testing.

—Received approval from the Advanced Counterfeit Deterrence Steering committee, made up of the FRBs, U.S. Secret Service, U.S. Treasury, and BEP staff, to move forward with eight security feature technologies for possible incorporation into a new family of Federal Reserve notes.

- Continue to refine the investment review process to strengthen the ongoing oversight, measurement, and governance of large and significant strategic projects, including those identified as

part of the budget process, to ensure senior leadership has relevant and timely information to make informed decisions.

—Reviewed 22 projects as part of the Investment Review Board’s evaluation and monitoring of projects deemed to have significant or strategic impact on the operating and capital budgets of the Board.

- Develop processes to standardize the program and project management for the facilities, human resources, and operational areas, implementing consistent methodologies and technologies, including enhancing the performance measurement and reporting related to the effectiveness and efficiency of the areas.

—Established a program management office to oversee division projects and programs related to the Board’s facilities, HR, and operational areas.

Objective 1.3: Foster coordination of substantive work and communication within and across divisions and the System.

The Board will continue to collaborate across divisions and the System and enhance communication by using shared tools and implementation of best practices.

Projects and Initiatives

- Continue to implement Systemwide initiatives to encourage robust information exchange and analysis on risks in consumer financial services markets and on new consumer and small business markets and developments as well as inform stakeholders on significant events affecting consumers and communities.
- Collaborated with the System to launch a website featuring research on small business, including findings from the System’s annual Small Business Credit Survey.⁷
- Published *Browsing to Borrow: “Mom & Pop” Small Business Perspectives on Online Lenders* as a

⁷ Information is available at <http://www.fedsmallbusiness.org/>.

joint effort between the Board and the FRB Cleveland.⁸

—The report examines small business owners’ perceptions of online lenders and their understanding and interpretation of the information that online lenders use to describe their credit products.⁹

—Launched the online learning module *CECL: Foundational Concepts* encompassing the Financial Accounting Standards Board’s *Current and Expected Credit Loss* (CECL) model on capital and other policies.

—Held community group meeting and collaborated with FRB Richmond for Governor Brainard’s tour of Baltimore, Maryland.

- The groups discussed the racial wealth divide and strategies to enhance the capacity of the African American-run community development corporations in the city, workforce development, and neighborhood stabilization in Baltimore.

- Governor Brainard gave formal remarks on Community Reinvestment Act (CRA) modernization.¹⁰

—Led a System initiative that conducted “rural listening sessions” to gather input from consumers, small business owners, and other community organizations on the impact of bank and bank branch closures on rural community members.

- The information gathered will help inform the Federal Reserve’s understanding of how changes in the retail banking sector affect communities, which impacts the implementation supervision of the CRA and work in community development.

- This initiative was highlighted in a speech given by Vice Chair Quarles.¹¹

—Introduced the *Janet L. Yellen Award for Excellence in Community Development* to recognize the exemplary work of individuals who provide leadership and demonstrate outstanding achievement in community development activities that further the System’s responsibilities and goals.¹²

- Enhance and optimize the tailoring of supervisory and regulatory programs, including capital, liquidity, stress testing, and reporting requirements in a manner appropriate to the size and complexity of the regulated institution.

—Issued a statement describing how, consistent with recently enacted EGRRCPA, the Board will no longer subject primarily smaller, less complex banking organizations to certain Board regulations, including those relating to stress testing and liquidity.¹³

—Issued three interim final rules under the EGRRCPA jointly among the Board, FDIC, and OCC, including

- Rule Docket ID OCC-2018-0013 amended the agencies’ liquidity rules to treat certain eligible municipal securities as high-quality liquid assets, as required by the EGRRCPA;¹⁴

- Rule Docket ID OCC-2018-0014 expanded the number of insured depository institutions and U.S. branches and agencies of foreign banks eligible for an 18-month on-site examination cycle, as authorized by the EGRRCPA. Prior to enactment of the EGRRCPA, only qualifying insured depository institutions and U.S. branches and agen-

⁸ Board of Governors of the Federal Reserve System, *Browsing to Borrow: “Mom & Pop” Small Business Perspectives on Online Lenders* (Washington: Board of Governors, June 2018), <https://www.federalreserve.gov/publications/files/2018-small-business-lending.pdf>.

⁹ See Board of Governors, *Browsing to Borrow* at <http://www.federalreserve.gov/publications/files/2018-small-business-lending.pdf>.

¹⁰ Governor Brainard’s speech is available on the Federal Reserve Board’s website, <http://www.federalreserve.gov/newsevents/speech/brainard20180518a.htm>.

¹¹ Vice Chair Quarles’s speech is available on the Federal Reserve Board’s website, <http://www.federalreserve.gov/newsevents/speech/quarles20181004a.htm>.

¹² The award, established in November 2018, was named in honor of former Chair Yellen, given her commitment to ensuring that the perspectives of consumers and communities informed Federal Reserve research, policy, and action, <https://www.federalreserve.gov/newsevents/pressreleases/other20181130a.htm>.

¹³ See the Federal Reserve Board’s website, <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20180706b.htm>.

¹⁴ Rule Docket ID OCC-2018-0013 available at <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20180822a.htm>.

- cies of foreign banks with less than \$1 billion in total assets were eligible for an 18-month examination cycle;¹⁵
- Rule Docket No. R-1619 and RIN no. 7100 AF 13 expanded the applicability of the small bank holding company policy statement, as required by EGRRCPA. The policy statement facilitates the transfer of ownership of small community banks by allowing their holding companies to operate with higher levels of debt than would normally be permitted by raising the statement's asset threshold from \$1 billion to \$3 billion in total consolidated assets.¹⁶
- Issued a final rule that increases the threshold for commercial real estate transactions requiring an appraisal from \$250,000 to \$500,000, jointly among the Board, the FDIC, and the OCC.
- The agencies originally proposed to raise the threshold, which has been in place since 1994, to \$400,000, but determined that a \$500,000 threshold will materially reduce regulatory burden and the number of transactions that require an appraisal. The agencies also determined that the increased threshold would not pose a threat to the safety and soundness of financial institutions.¹⁷
- Invited public comment, through *Federal Register* Notice Docket ID OCC-2018-0026, on a proposal to modify the agencies' capital rules for high-volatility commercial real estate exposures, as required by EGRRCPA.¹⁸
- Invited public comment, through *Federal Register* Notice ASU 2016-13, together with the U.S. Department of the Treasury, FDIC, and OCC.¹⁹
- The proposed revisions generally address changes to the Federal Financial Institutions Examination Council (FFIEC) Call Report forms and instructions, including reporting changes for regulatory capital related to implementing the agencies' recent notice of proposed rulemaking on the implementation and capital transition for the current expected credit-loss methodology.
- Invited public comment on a framework that would more closely match the regulations for large banking organizations with their risk profiles. The changes would reduce compliance requirements for firms with less risk while maintaining more stringent requirements for firms with more risk.²⁰
- Finalized a new supervisory rating system for large financial institutions that is aligned with the core areas most important to supporting a large firm's safety and soundness and U.S. financial stability.²¹
- The Board's post-crisis supervisory program for large financial institutions focuses on capital, liquidity, and the effectiveness of its governance and controls. In each of those areas, supervisors will use the new rating system to assign a confidential rating to the firms.
- Invited public comment, together with the OCC and the FDIC, on a proposal to reduce regulatory reporting burden on small institutions by expanding the number of regulated institutions eligible for streamlined reporting.²²
- The proposal would implement section 205 of the EGRRCPA and would permit insured depository institutions with total assets of less than \$5 billion that do not engage in certain complex or international activities to file the most streamlined version of the Call Report, the FFIEC 051 Call Report.

¹⁵ Rule Docket ID OCC-2018-0014 available at <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20180823a.htm>.

¹⁶ Rule Docket No. R-1619 and RIN no. 7100 AF 13 available at <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20180828a.htm>.

¹⁷ See the Federal Reserve Board's website, <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20180402a.htm>.

¹⁸ See the Federal Reserve Board's website, <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20180918a.htm>.

¹⁹ See the Federal Reserve Board's website, <https://www.federalregister.gov/documents/2018/09/28/2018-21105/>

[proposed-agency-information-collection-activities-comment-request](#).

²⁰ See the Federal Reserve Board's website, <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20181031a.htm>.

²¹ See the Federal Reserve Board's website, <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20181102a.htm>.

²² See the Federal Reserve Board's website, <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20181107a.htm>.

- The proposal would reduce by approximately 37 percent the number of existing data items reportable in the FFIEC 051 Call Report for the first and third calendar quarters.
 - Invited public comment, together with the OCC and the FDIC, on a proposal that would simplify regulatory capital requirements for qualifying community banking organizations, as required by the EGRRCPA.²³
 - The proposal would provide regulatory burden relief to qualifying community banking organizations by giving them an option to calculate a simple leverage ratio, rather than multiple measures of capital adequacy.
 - Invited public comment, together with the Commodity Futures Trading Commission (CFTC), the FDIC, the OCC, and the Securities and Exchange Commission (SEC), on a proposal that would exclude certain community banks from the Volcker rule, consistent with EGRRCPA.²⁴
 - The proposal would, under certain circumstances, permit a hedge fund or private equity fund to share the same name or a variation of the same name with an investment adviser that is not an insured depository institution, a company that controls an insured depository institution, or a bank holding company.
 - Issued a statement announcing that the Board will maintain the current modeling framework for loan allowances in its supervisory stress test through 2021.²⁵
 - For purposes of the Board’s supervisory stress test, the Comprehensive Capital Analysis and Review (CCAR), the Board will not alter its current modeling frame-
- work as it relates to Current Expected Credit Losses (CECL) for the 2019, 2020, and 2021 cycles. The Board intends to evaluate appropriate future enhancements to the current framework as best practices for implementing CECL are developed.
 - Approved a final rule, together with the OCC and FDIC, modifying their regulatory capital rules and providing an option to phase in over a period of three years the day-one regulatory capital effects of updated accounting standard CECL.²⁶
 - The final rule also revises the agencies’ other rules to reflect the update to the accounting standards. Finalized an inter-agency rule that provides an option for a three-year regulatory capital phase-in for CECL. The final rule took effect April 1, 2019. Banking organizations that choose to early adopt CECL may elect to adopt the rule as of the first quarter 2019.
 - Published a *Federal Register* notice inviting public comment on proposed changes to Federal Reserve Reporting Forms and Instructions, including proposed reporting changes related to CECL.²⁷
 - Planned the implementation of the Financial Accounting Standards Board’s CECL model on capital and other policies and develop tailored supervisory expectations.
 - Enhance coordination between community development and consumer compliance supervision to identify community reinvestment opportunities that support CRA supervision.
 - Conducted analysis on the EGRRCPA, and implemented changes based on the statutory requirements.
 - Key provisions include raising enhanced prudential standard asset thresholds, regulatory relief for smaller banks, and changes to liquidity and capital rules.

²³ See the Federal Reserve Board’s website, <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20181121c.htm>.

²⁴ See the Federal Reserve Board’s website, <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20181221d.htm>.

²⁵ See the Federal Reserve Board’s website, <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20181221b.htm>.

²⁶ See the Federal Reserve Board’s website, <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20181221a.htm>.

²⁷ See the *Federal Register*’s website, <https://www.federalregister.gov/documents/2018/12/12/2018-26818/proposed-agency-information-collection-activities-comment-request>.

Strategic Pillar 2: Workforce

Goal: Uphold the Board as a sought-after place to work that attracts highly qualified individuals and embraces the range of similarities and differences each individual brings to the workplace, including thought, experience, and backgrounds.

Objective 2.1: Foster an inclusive and collaborative work environment that recognizes, appreciates, and effectively utilizes the talent, skills, and perspectives of every employee.

The Board will continue to promote a diverse workforce and environment that is respectful of all views at all levels of the organization.

Projects and Initiatives

- Implement the 2018 Boardwide Engagement Survey as a means to periodically assess the Board's culture and level of engagement in an effort to develop strategies that foster an inclusive and collaborative work environment that recognizes, appreciates, and effectively uses the talent, skills, and perspectives of every employee.
 - Completed Engagement Survey result activities, including
 - briefed the Board members and Executive Committee (EC) on the results;
 - conducted briefings between the vendor and divisions' senior leadership teams;
 - distributed engagement survey results, provided custom reports to divisions, and completed division town halls;
 - launched focus group in three divisions; and
 - conducted an interview discussing the survey with the Chief Operating Office, which was posted on the Board's internal website.
- Continue to implement the objectives identified in the Board's Diversity and Inclusion Strategic Plan.
 - Hosted a staff town hall event in which Chair Powell fielded open forum questions.
 - Recorded a message from Chair Powell to staff championing the importance of fostering diversity and inclusion, which was posted to the Board's external website.²⁸
 - Held quarterly meetings of the Diversity and Economics Inclusion Initiative, focused on priority projects addressing workforce diversity in the economic profession, collaboration with professional and academic organizations regarding financial literacy, and ongoing initiatives that address diversity and inclusion within the Board and System.
 - Focused work on diversity and inclusion Board-wide through four primary areas: leadership engagement, talent acquisition, talent development, and supplier diversity.
- Continue to enhance System reporting through the inclusion of aggregated consolidated reporting of workforce and supplier diversity data for the Board and all 12 Reserve Banks in the Board's annual *Report to the Congress on the Office of Minority and Women Inclusion (OMWI)*.
 - Provided a high-level summary of the Federal Reserve System in the Board's annual OMWI report.²⁹
 - The enhanced report provided information pertaining to senior workforce and procurement business activities, including successes and challenges in accordance with Section 342

²⁸ See the Federal Reserve Board's website, <https://www.federalreserve.gov/aboutthefed/diversityinclusion.htm>.

²⁹ See the Federal Reserve Board's website at <https://www.federalreserve.gov/publications/minority-women-inclusion.htm>.

of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

- Each FRB prepared OMWI reports, which were submitted to Congress.

Objective 2.2: Attract diverse, highly qualified talent.

The Board will work to attract a diverse and qualified workforce, which is critical to executing the Board's mission.

Projects and Initiatives

- Develop and implement diversity-focused recruitment strategies, collaborating with new educational institutions in an effort to continue to build a culture of inclusion and to implement strategies to develop the next generation of diverse Board leaders.
 - Met with counterparts at the National Technical Institute for the Deaf, a college of The Rochester Institute of Technology.
 - Participated in a recruiting/informational week at the University of New Mexico focused on conducting student informational sessions and participating in the on-campus career fair and developed plans to collaborate further to enhance Hispanic representation at the Board.
 - Initiated discussions with LinkedIn regarding a new diversity and inclusion campaign.
 - Worked to strengthen the Board's hiring relationship with veteran and disabled communities.
- Enhance the Board's Internship Program in an effort to attract a diverse and highly qualified workforce.
 - Compiled a comprehensive list of schools visited by the Board and FRBs, to analyze from a diversity perspective to determine gaps and areas/schools to target in the future.
 - Modified the 2018 Internship Program to better meet the needs of participating divisions and interns, including
 - revised intern job descriptions to ensure work is level-appropriate and work meets the National Association of Colleges and Employers' posting requirements, and

- standardized the development of performance goals.

- Enhanced the intern experience by developing an intern handbook, adding training and events to the program.
 - Established the training process for intern hiring managers and day-to-day supervisors.
- Concluded the project timeline and implementation of the Campus-to-Career program.
 - Met with divisions to provide overview of the Campus-to-Career program, including reassessing intern positions, compensation, and information related to hiring season timeline for 2019.
- Completed four training sessions for hiring managers prior to the induction of the 2018 class of summer interns.

Objective 2.3: Retain valued employees through human resource best practices.

The Board will continue to enhance its human resource practices and offer competitive compensation and benefits to retain top talent and endeavor to achieve a workforce representative of all segments of society.

Projects and Initiatives

- Implement enhancements to the New Employee Orientation (NEO) process in an effort to improve the employee experience and to attract and retain diverse, highly qualified talent.
 - Implemented improvements to the NEO process to reduce onboarding classroom time and provide information that is more effective to new employees.
 - Completed forms review and provided content to the System Human Resource Technology Center for system configuration.
 - Configured and tested the automated component of the NEO process.
 - Completed the redesign of onboarding surveys for post-hire intervals of seven days, 45 days, and six months.

- Continue to develop workforce-planning capability and conduct pilot programs with key stakeholders.
 - Created a project plan for a Boardwide workforce planning process.
 - Created change-management and communication plans.
 - Gathered relevant workforce through a pulse survey to collect feedback on one-on-one interviews for future process improvements.
 - Completed a workforce planning pilot and began a second pilot.
 - Completed one-on-one workforce planning interviews with employees in second pilot areas and conducted focus groups.
 - Developed and disseminated competencies, self-assessment, and direct-report assessments.
 - Finalized strategic sessions with leadership.
 - Initiated gap analysis and started to draft workforce plan.
- Create a strategy to educate employees on the Board's compensation and benefit programs in order to maximize understanding and engagement of Board benefits.
 - Created a functional vision for the Benefits Office to help educate employees on the Board's benefits programs.
 - Developed a project plan and defined scope for improving the Benefits Hotline and automating a new hire processes.
 - Expanded the Benefits Communications project to include a strategic change-management effort to improve customer service, efficiency, and effectiveness of the benefits staff and shift how employees engage with and receive assistance with their benefits.
 - Used data to drive content and design choices for the new internal benefits pages,

including analyzing the results of the benefits survey, user testing and search clicks, telephone and customer relationship management metrics, and focus group feedback.

- Enhanced resources and communications, including the *Benefits at a Glance* recruiting brochure, retiree booklet, and video content.
- Continued efforts to redesign intern webpages based on usage and common questions received from employees.
- Developed a pilot presentation outlining the Board's compensation philosophy and various compensation processes, such as the new hire process.
- Completed testing of the onboarding module, *Transition Stage*, including compliance testing required under Section 508 of the U.S. Workforce Rehabilitation Act.

Objective 2.4: Develop the next generation of Board leaders.

The Board will preserve and build upon existing leadership development programs to ensure success going forward in support of fostering a diverse and inclusive organization.

Projects and Initiatives

- Pilot a skills development course that focuses on enhancing the Board's culture of inclusion and fostering a climate that is respectful of all views, experiences, and backgrounds in an effort to attract, retain, and develop diverse, highly qualified talent and to develop the next generation of Board leaders.
 - Identified a pilot group to participate in a skills development course focused on enhancing the Board's culture of inclusion in an effort to attract, retain, and develop diverse, highly qualified leadership talent.

Strategic Pillar 3: Physical Infrastructure

Goal: Build a productive, collaborative work environment through the tailored use of physical space, technology, and design.

Objective 3.1: Develop and maintain a long-term space strategy that enhances the ability of the Board staff to carry out its mission.

The Board recognizes the need for a long-term strategy for managing physical space, including aligning space requirements to projected workforce growth.

Projects and Initiatives

- Continue to develop and refine the Board's mid- and long-term physical space strategy to promote a productive, collaborative work environment.
 - Formally adopted the long-term space strategy to create a consolidated co-located site plan that minimizes the use of leased space and ancillary services.
 - Completed the acquisition of the 1951 Building to enable a more centralized Board campus.

Objective 3.2: Enhance the usability of existing space to provide a secure, modern environment that meets the needs of the workforce, promotes efficiency, supports resiliency and continuity efforts, and maximizes productivity.

The Board's renovation of the Martin Building and upgrades to the Eccles and New York Avenue (NYA) Buildings represent critical steps toward creating a modern workplace that promotes sustainability and efficiency. Projects will enhance occupant safety and security within the Board's facilities.

Projects and Initiatives

- Continue to manage the multiyear Martin Building renovation project effectively with respect to established project specifications.
 - Completed the early work construction package of the Martin Building renovation and achieved contractual closeout.
 - Continued demolition and abatement work in the main renovation package.
 - Began the installation of new structural steel.
 - Made midcycle adjustments to account for hidden conditions uncovered during the demolition and early work construction program, which required additional work.
- Upgrade select physical security components to continue to meet federal security standards focused on high-security areas.
 - Completed the replacement process of all security panels throughout all Board buildings.
 - Completed award for pilot testing of the upgraded end-to-end components of the physical security system and evaluation of several card-reader types from varying manufactures.
- Enhance the NYA Building to provide a modern environment that meets the needs of the workforce and promotes energy efficiency.
 - Awarded the contract and began the installation of the new generator.
 - Awarded contract for the demolition and construction of the eighth floor shell and the renovation of the third- through eighth-floor restrooms.
- Evaluate the Eccles Building for improvements to comply with current building codes and efficient space use.
 - Completed acquisition of the 1951 Building and received bids for the architectural and engineer-

ing services for the combined 1951 Building/ Eccles Building project.

- Completed the basis of design (BOD) for the Eccles Building renovation and began evaluating the submitted report and proposed options.
 - The BOD is a program of requirements that will aid in forming recommendations for the building’s design and lead to the solicitation of design.
- Implement technology upgrades and enhance meeting space throughout the Board’s facilities to maximize efficiency and productivity.
 - Coordinated closely with Board Facility Services and Information Technology (IT) to ensure maximum efficiency and productivity with the Board’s major infrastructure projects, including the Martin, Eccles, and 1951 Building projects and the NYA Building eighth-floor renovation.

Objective 3.3: Develop and implement best practices for efficiently managing space.

The Board seeks to emphasize the efficient use of space, including consolidating the workforce into as few locations as possible while meeting contingency needs and considering the environmental impact and sustainability. Ongoing facility assessments will ensure that existing Board facilities are operating efficiently.

Projects and Initiatives

- Implement industry best practices through new approaches to the management and tracking of building operations to assist in evaluating the operational efficiency of the facilities.
 - Established a new cost-reporting process to track operations costs by facility.

Strategic Pillar 4: Technology

Goal: Empower operational excellence, efficiency, and security through innovative technology platforms.

Objective 4.1: Develop, implement, and maintain a Boardwide technology roadmap driven by business needs that consistently improves the computing environment while strengthening a risk-based information security program.

The Board will focus on evolving its computing infrastructure to support expanding business demands and keep pace with evolving technology. Board staff rely extensively on technology and information services to enable them to be productive; to focus on their core businesses; and to connect, collaborate, and communicate easily with the confidence that their computing environment and information are secure and of high quality. Organizational business drivers will inform an enterprise-level approach to technology and infrastructure investments.

Projects and Initiatives

- Execute the technology investment and implementation plan based on business priorities.
 - Completed the cutover to new cabling as part of the new configuration of the Board’s contingency site.
 - Introduced updates to the Board Trust Model agreement (BTM) to reflect program changes and lessons learned from the first round of national systems reviewed using the BTM.
 - Initiated utilization of the BTM on reviews of delegated applications.
 - Completed the Technology Roadmap State Assessments and distributed the Final Technol-
- ogy Roadmap to the Business Technology Steering Committee.
 - Completed the enforcement of Personal Identity Verification card authentication for all Board employees, bringing the Board into compliance for workstation authentication.
- Implement enhancements to information labeling and continuous monitoring programs to strengthen further the organization’s information security posture.
 - Completed the implementation of the Records Email Vault solution to comply with the National Archives and Records Administration mandate for automatic retention of email and instant messages as records external to the email delivery system.
 - Concluded the production implementation of software products to provide secure offline storage and search of external materials and emails designated for litigation and other investigative tasks.
 - Added a new component to the enterprisewide cyber-risk management governance process to address organizational risk tolerance.
- Expand the high-performance computing environment to support growth in data and usage.
 - Finalized the Managed Trusted Internet Protocol Service, a cybersecurity service that will monitor all communications between the Board and external networks for malicious activity.
 - Developed enhancements to the production environment for enterprise-level high-performance computing to support analysis of large research data sets, quantitative analysis, and support stress-testing activities.
- Finalize the multiyear plan to migrate remaining information assets off the mainframe computing platform.

- Began the migration transition activities to the distributed environment for mainframe dependent applications.
- Completed modernization of the Financial Data Repository and the migration of the repository from the mainframe to the SQL server environment.

Objective 4.2: Create and maintain a research and development (R&D) culture and environment that allows for technology evaluation and innovation outside of the necessary constraints of the production environment.

The Board will need to keep pace with rapid technological change without compromising the security of critical information assets. The development of innovative business approaches will provide an environment that enables controlled risk-taking.

Projects and Initiatives

- Exercise established governance and procurement protocols, support active usage, and enhance the architecture of the innovation lab by evaluating cloud-based services offerings.
 - Opened the Innovation Lab to Board staff.
 - Conducted training sessions to introduce the service and to communicate mechanisms and terms of use.
 - Supported six projects from various areas of the Board.
 - Completed the implementation of a Linux-based instance to support the evaluation of big-data and other Linux-based technologies.

Objective 4.3: Continuously enhance the mobile environment to meet requirements for information access, ease of use, and information security.

The Board will continue to improve access to its information assets from an increasingly mobile workforce.

Projects and Initiatives

- Enable offline access to selected data and programs to support the mobility needs of workers who are disconnected from the network.
 - Completed consultative engagement with software vendors and reviewed use cases for access to applications on the smartphone platform.
 - Evaluated the technology stack to identify weaknesses and gaps that may potentially affect the ability to access specific applications on smartphone devices.
 - Researched potential solutions for smartphone application access while connected to the network and offline, including for application enhancements and required software version upgrades.
 - Implemented application enhancements and software version upgrades necessary to move forward with solutions requiring applications access on smartphone devices.
 - Completed the sunset of Blackberry smartphones.
- Create secure electronic access to materials according to the Board's information handling and classification guide.
 - Completed the installation of wireless network services at required locations in order to support future secured electronic access to materials.
 - Researched and assessed the development of rights management systems viewer alternatives to the current viewer platform and began developing proof of concepts for alternatives to the current application technology stack.
 - Completed evaluation of the smart devices for secure electronic access.

Objective 4.4: Provide the ability for Board employees to collaborate effectively with a wide variety of partners, including those within the Board, the System, and broader communities.

The Board will focus on enhancing electronic collaboration capabilities within and outside System. As

the need to share information with varying degrees of sensitivity grows, the Board must be equipped to provide secure and efficient communication mechanisms.

Projects and Initiatives

- Continue to implement technology solutions that address defined business needs and evaluate metrics for improving user experience regarding connectivity, collaboration, and data and information processing.
 - Piloted connectivity between Board Quality Assurance environment and Office365 for Share-Point Online access.
 - Investigated available solutions for expanding internal authentication and authorization capabilities to external cloud-based applications to better position the Board for future cloud-based applications and services.
 - Developed and communicated a framework to utilize going forward when evaluating cloud services that provides guidelines for evaluating potential use of cloud services, facilitating an independent review of the cloud solution, and assessing the security of the cloud service.
 - Engaged in planning for replacement of the current HCM and Financial Management platforms.
 - Coordinated with the System to evaluate the solutions adopted by the FRBs and how best to integrate a software-as-a-service cloud-based solution with the existing infrastructure.
 - Continued to assess security controls to determine whether the Board can sponsor security certification and authorization to operate under the Government Services Administration FedRAMP program.

Objective 4.5: Evaluate the information technology service-provisioning model across the Board and the System to ensure alignment and promote service and cost efficiencies.

The Board will consider best-practice service delivery models across the System to provision IT services. The Board will focus on automation enhancements

that improve business processes and look for ways to fund investments through associated savings.

Projects and Initiatives

- Expand the enterprise architecture to all organizational domains and establish an associated review process to support informed IT decisionmaking.
 - Completed the application development security standards, as approved by the Chief Information Officer and Chief Information Security Officer.
 - Standards include secure coding and testing requirements along with expanding the use of technology investments to ensure that the work products meet the highest security standards.
 - Began development of initial application architecture standards and component site to assist stakeholders with implementation.
 - Completed the implementation of the Uniform Build and Deployment Process.
 - Completed the development of the IT Division's enterprise architecture for the primary Board domain.
 - Continued work to define a plan for expanding the architecture throughout the organization and identifying opportunities for shared decisionmaking.
- Continue to coordinate activities and employ joint project teams with technology service partners across the System in accordance with defined governance structures.
 - Implemented the application security vulnerability remediation process and conducted training for stakeholders across the Board.
 - Met target goals for addressing critical/high vulnerabilities in applications supported by the IT division.
 - Conducted the Board's semiannual contingency test, with FRB Richmond devolution partners actively executing a limited set of recovery operations.
 - Completed, together with System National IT, a review of both current and potential technology solutions to automatically and intelligently restrict email and documents from being sent to external parties, when appropriate.
 - Established new transport rules and implemented email-blocking enforcement on behalf

of the Federal Open Market Committee (FOMC).

—Hosted the 2018 Security Summit with the System’s National IT staff in which subject-matter experts from the System and the Board

focused on addressing the technical roadmap on a wide range of issues including endpoint security, directory services, identity and access management, cloud computing, firewall, and network and data encryption.

Strategic Pillar 5: Data

Goal: Research, analyze, and respond to economic and financial developments, challenges, and issues, as well as safety and soundness, consumer protection, and financial stability risks through enhancement of the Board's data management and analytics environment.

Objective 5.1: Strengthen the Board's governance of its data assets to increase their quality, reliability, and usability.

The Board will work to strengthen and improve data governance policies, processes, and standards for assessing potential new data acquisitions and providing appropriate access to data across the organization.

Projects and Initiatives

- Establish an enterprise taxonomy governance to ensure consistent standards, governance, quality, and reliability of Board data assets.
 - Established the Enterprise Taxonomy Governance and Governance Planning Group.
 - Implemented a shared semantic enrichment environment with taxonomies and worked throughout the year to grow vocabularies and search tags to improve search and discovery.
 - Added over 200 terms to improve tagging and findability of collected data through DataNexus, an enterprise data inventory program, and continued to improve collection taxonomies to enhance user navigation.
- Continue implementing the System data governance structure to coordinate and prioritize data for use in supervising institutions.
 - Initiated a formal process to obtain endorsement for creation and retirement of formal data collection associated with rulemaking.
 - Obtained endorsement of two new data collections.

Objective 5.2: Improve the data architecture, processes, and data storage technology to respond with greater agility and efficiency to emerging business needs for data, while facilitating controlled sharing and the movement of data to get the right data to the right people at the right time.

The Board will institute effective data policies and procedures backed by sufficient, secure, and scalable storage capacity to ensure that employees get timely access to data.

Projects and Initiatives

- Improve the data architecture and storage technology beginning with the Financial Data Repository to become more effective in meeting stakeholders' business needs.
 - Completed the migration of the Board Data Platform (BDP) code and completed all activities to make the first two data sets available to end users, including obtaining a Federal Information Security Management Act Authorization to Operate.
 - Implemented the first production phase of the new BDP. The new repository will be used for data ingestion and storage for many of the data sets from the federal statistical agencies in support of monetary policy and economic and policy research.
- Implement a metadata stewardship framework in support of an enterprise data inventory program, known as DataNexus, to increase awareness of data availability and usage.
 - See results under Data, Objective 5.1.

- Extend the scope of DataNexus by adding information about data access, links to data, and routing to access request systems wherever possible to meet diverse stakeholder needs.
 - Initiative moved to Data, Objective 5.4.
- Continue business process improvements for automation initiatives to gain better efficiencies with data management, including building the BDP and developing the associated metadata to support stronger data management.
 - Completed design for automating data and taxonomy refresh processes.
 - Developed recommendations to improve metadata quality for time series and initiated design for the data quality dashboard.

Objective 5.3: Create and maintain an R&D culture and a stand-alone R&D environment so that the Board’s ability to evaluate and innovate regarding new data sets, tools, and policies is improved.

The Board will require investments in modernized technology, processing systems, and business analytics as data needs and data availability continue to grow.

Projects and Initiatives

- Pilot the use of the Innovation Lab noted in Objective 4.2 and provide feedback regarding future enhancements, usability, and functionality.
 - See results under Technology, Objective 4.2.

Objective 5.4: Improve Board staff’s ability to find what data are available and how to access them to be more effective, and to more easily recognize and account for data gaps and overlaps.

The Board will continue to build employee awareness and understanding of the availability of data assets across the organization.

Projects and Initiatives

- Continue to invest in and improve access to consumer and community data and information throughout the Board and the System.
 - Published the *Report on the Economic Well-Being of U.S. Households in 2017* and the data from the *Survey of Household and Economic Decisionmaking (SHED)* that helps measure the economic well-being of U.S. households, with modules on a range of topics of current relevance to financial well-being including credit access and behaviors, savings, retirement, economic fragility, and education and student loans.³⁰
 - The latest report draws from the 2017 SHED and examines the economic well-being and financial lives of Americans and their families.³¹ The report shows that economic well-being continued to improve in 2017, extending the gains over the five years of the survey; however, pockets of distress and financial fragility remain.
- Develop and enhance data collections on reference rates that allow for monitoring of selected money market activities and create rate and volume statistics data for the public.
 - Partnered with FRB New York to update the overnight bank funding rate to include onshore deposit data.
- Expand content and functionality of DataNexus to enhance search, discoverability, and data accessibility for internal users by conducting user outreach to increase user data awareness and soliciting feedback to inform future improvements and enhancements of the inventory tool.
 - Deployed DataNexus Release 2.1 adding FAME International time series metadata and improvements to user interface and user experience.
- Extend the scope of DataNexus by adding information about data access, links to data, and routing

³⁰ The *Survey of Household Economics and Decisionmaking* and related resources are available at <https://www.federalreserve.gov/consumerscommunities/shed.htm>.

³¹ The *Economic Well-Being of U.S. Households 2017* is available at <https://www.federalreserve.gov/newsevents/pressreleases/other20180522a.htm>.

to access request systems wherever possible to meet diverse stakeholder needs.

—Completed automation of data quality checks to improve consistency of content quality.

—Developed metadata quality reports for staff and supplied feedback on content.

—Conducted log analysis of users to identify potential additional sources and improve relevance of the search functionality.

—Created user analytics for staff to track use and identify improvement opportunities.

Strategic Pillar 6: Public Engagement and Accountability

Goal: Increase understanding and appreciation of the Board's mission through public engagement and accountability.

Objective 6.1: Provide information on issues spanning the full range of the Board's mission that enhances public understanding of the Board and its policy decisions and that allows the Congress and the public to assess the effectiveness and efficiency of the Board in fulfilling its responsibilities.

Projects and Initiatives

- Promote better understanding and transparency of the Federal Reserve by providing more information through the Board's website and other external communication platforms.

—Posted over 1,200 new documents (e.g., reports, transcripts, FOMC materials, research papers, statistical releases, testimony, etc.) on www.federalreserve.gov.³²

- *The Monetary Policy Report*, February 2018
- Federal Reserve System Audited Annual Financial Statements, March 2018
- Report to the Congress on the Office of Minority and Women Inclusion, March 2018
- 2012 FOMC Historical Materials
- Senior Credit Officer Opinion Survey on Dealer Financing Terms³³

³² See the Federal Reserve Board's website, <https://www.federalreserve.gov/publications.htm>.

³³ See the Federal Reserve Board's website, <https://www.youtube.com/user/FedReserveBoard>.

- Changes in U.S. Payments Fraud from 2012 to 2016³⁴
- Federal Reserve Supervision and Regulation Report³⁵
- Financial Stability Report
- Federal Reserve Banks Combined Quarterly Financial Reports (unaudited)
- Annual Report to the Congress on the Presidential \$1 Coin Program
- Quarterly Report on Federal Reserve Balance Sheet Developments
- Posted 24 videos on the Federal Reserve YouTube Channel and public website.³⁶
 - Chair Powell's introduction video as Federal Reserve Chair
 - Chair Powell's message to Federal Reserve staff on diversity³⁷
 - FOMC meeting introductory statement and press conferences in March, June, and December
 - Fed Functions: Conducting Monetary Policy
 - Fed Functions: Consumer Protections and Community Development
 - Fed Functions: Fostering Payment and Settlement System Safety and Efficiency
 - Interactive Data Visualizations

³⁴ See the Federal Reserve Board's website, <https://www.federalreserve.gov/publications/changes-in-us-payments-fraud.htm>.

³⁵ See the Federal Reserve Board's website, <https://www.federalreserve.gov/publications/supervision-and-regulation-report.htm>.

³⁶ See the Federal Reserve Board's YouTube channel at <https://www.youtube.com/channel/UCAzht9DmG6PnHXjmJTvRGQ>.

³⁷ See the Federal Reserve Board's website, <https://www.federalreserve.gov/videos.htm>.

- Open Board meetings in May, June, and October
 - Report on the Economic Well-Being of U.S. Households in 2017
 - Fed FAQ: What is Financial Stability?
 - Supplier Diversity Message³⁸
 - Federal Reserve Education
- Broadened reach to the public using various media channels.
- Coordinated interview for Chair Powell with Marketplace radio program with 14.8 million listeners for a live interview and more than 250,000 podcast downloads.
 - Issued 221 press releases and other announcements.
 - Conducted 48 press lock-ups to ensure the secure and orderly release of FOMC and other sensitive economic information to the public via the news media.
 - Facilitated calls between various reporters and subject matter experts to increase reporters’ understanding of Board and FOMC actions, policies, and research.
- Table 1 shows the Board’s communication with the public during 2018.
- Hosted a webinar through *Outlook Live* on 2018 Interagency Fair Lending Hot Topics.
- Representatives from the Board and six federal agencies discussed a variety of emerging fair lending issues and hot topics, including redlining, risk-based assessments, marital status discrimination, and disability discrimination; participating agencies included the Consumer Financial Protection Bureau, Department of Housing and Urban Development, Department of Justice, FDIC, National Credit Union Administration, and OCC.
- Sustain relationships and facilitate regular communications with news media and congressional offices to ensure dissemination of information on the Federal Reserve’s analysis and policies to the Congress and the public in a timely and accurate manner.

³⁸ See the Federal Reserve Board’s website, <https://www.federalreserve.gov/aboutthefed/procurement/vendor-outreach-fair.htm>.

| Table 1. Communication with the public as of December 31 | | | |
|--|------------|------------|----------------|
| Type | 2017 total | 2018 total | Percent change |
| Federal Reserve Board Facebook account followers | 19,993 | 22,991 | 15 |
| Federal Reserve Board LinkedIn network | 27,232 | 33,591 | 23.4 |
| Federal Reserve Board Twitter account | 439,000 | 495,000 | 12.8 |
| Fed Careers Twitter account | 8,365 | 8,525 | 1.9 |
| Views to the public website | 42,912,647 | 40,319,088 | -6 |
| Press releases on the public website | 226 | 223 | -1.3 |
| Letters from the public | 66 | 76 | 15.2 |
| Emails from the public | 6,940 | 10,498 | 51.3 |

- Conducted ongoing congressional outreach efforts.
 - Coordinated meetings between the Board members with members of Congress and testimony before Congress.
 - Coordinated briefings between Board staff and congressional staffers on a number of topics of interest to congressional offices.
 - Hosted congressional staff for an annual program on the Federal Reserve.
 - Responded to letters and questions for the record after public hearings submitted by congressional oversight committees and congressional offices.
 - Responded to constituent case work correspondence from congressional offices.
- Increase the depth of understanding on issues related to household financial stability and effective consumer protection through engaged and informed stakeholder collaboration and research.
 - Conducted research on a wide range of topics such as financial markets, banking conditions, economic activities, monetary policy, the global economy and its interactions with the U.S. economy, financial stability, and consumer risk.³⁹
 - Presented research using household income and tax data at the National Bureau of Economic Research Public Economists program.
 - Continued to participate in the Financial Literacy Seminar series, a partnership between the Board and the Global Financial Literacy

³⁹ A summary of the Federal Reserve Board’s published research and working papers series is available at <https://www.federalreserve.gov/econres.htm>.

Excellence Center at the George Washington University School of Business, which offers regular seminars to feature research on financial literacy and education.⁴⁰

- Led a public webinar, Keeping Fintech Fair, discussing fair lending and unfair or deceptive acts or practices (UDAP) risks that may arise as financial institutions adopt new technologies to serve their customers.⁴¹
 - This presentation serves as a companion to the article, “Keeping Fintech Fair: Thinking about Fair Lending and UDAP Risks,” which was published in the *Consumer Compliance Outlook*.
- Published an article presenting research on housing affordability entitled, “Renters Feel the Squeeze, While Homeowners Enjoy Relative Affordability,” in FRB St. Louis’s *Bridges* magazine.⁴²
- Continue to develop policies and research that foster safety and efficiency in the payment system and implement identified payment improvement strategies to increase end-to-end speed and safety.
 - Achieved three major milestones in support of faster and secure initiatives under the Federal Reserve System’s *Strategies for Improving the U.S. Payment System (SIPS)* initiative.
 - Issued a *Federal Register* notice seeking comment on 24/7 real-time gross settlement (RTGS) as the basis for a safe, ubiquitous, faster payment system in the United States and on two potential actions to provide a 24/7 RTGS and liquidity management tool.⁴³
 - Announced the establishment of the Faster Payments Council as the culmination of the

industry governance formation framework team facilitated by the Federal Reserve.⁴⁴

- Announced next steps for the SIPS definitions for automated clearing house (ACH) and wire fraud, synthetic identity fraud, and remote payment fraud.⁴⁵
- Supported System initiatives related to SIPS.
 - Approved a strategic plan in pursuit of the secure payments desired outcome through the Payments Improvement Oversight Committee (PIOC).⁴⁶
 - Engaged with the System’s Retail Payments Office and Wholesale Payments Office on possible enhancements to the National Settlement Service in support of expanded hours for same-day ACH processing.
 - Researched ways to further the secure payments desired outcome and assess settlement and service of provider options in a real-time retail payments environment.
- Continue to increase transparency around supervisory stress testing by releasing greater additional information on stress test models as well as model development, implementation, use, and validation.
 - Issued interagency statement explaining the role of supervisory guidance (sometimes referred to as “guidance on guidance”) and describing the agencies’ approach to using guidance in the supervision of regulated institutions.⁴⁷
 - The statement sought to improve understanding and transparency to the industry and the public, explaining that supervisory guidance does not have the force and effect of law. Furthermore, it explained that agencies do not take enforcement actions based on supervisory guidance to help promote safe-and-sound conduct, appropriate consumer protection and risk-management

⁴⁰ More information can be found at <http://gflec.org/event-category/financial-literacy-seminar-series/>.

⁴¹ The full presentation, Keeping FinTech Fair, is available at www.webcaster4.com/Webcast/Page/577/26170.

⁴² The full article is available at www.stlouisfed.org/publications/bridges/summer-2018/renters-feel-the-squeeze-while-homeowners-enjoy-relative-affordability?utm_source=BridgesAlert&utm_medium=email&utm_campaign=BridgesAlert.

⁴³ See the Federal Reserve Board’s website, <https://www.federalreserve.gov/newsevents/pressreleases/other20181003a.htm>.

⁴⁴ See the Federal Reserve Board’s website, <https://www.federalreserve.gov/newsevents/pressreleases/other20181003a.htm>.

⁴⁵ More information is available at <https://fedpaymentsimprovement.org/payments-security/payments-security-priorities/>.

⁴⁶ The PIOC is a Systemwide oversight body for faster payments initiatives, which includes Board members and FRB presidents.

⁴⁷ See the Federal Reserve Board’s website, <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20180911a.htm>.

practices, and other actions for addressing compliance with laws or regulations.

Objective 6.2: Clearly communicate the rationale underlying the Board's decisions across a range of topics, including monetary policy, regulatory policy, payment system policy, and supervisory actions.

The Board will continue to communicate and publish reports regarding its policy decisions through a variety of communication vehicles.

Projects and Initiatives

- Continue to support the Board and the FOMC in the formulation, implementation, and communication of monetary policy.

—Conducted wide-ranging analysis of topics pertaining to the formulation, implementation, and communication of monetary policy.

- A presentation of work on inflation analysis and forecasting.
- An analysis of developments in the federal funds market and on monetary policy options at the effective lower bound on interest rates.

- Conduct research and produce surveys, reports, and data on topics such as: banking conditions; community and human capital development; consumer and household finances; consumer risk; economic activities; financial markets; financial stability; the global economy and its interactions with the U.S. economy; monetary policy; retail payments trends; the FRB balance sheets; and safety and efficiency of payment, clearing, and settlement arrangements, activities, and instruments. As appropriate, make information available to Congress and the public through publications, working papers, academic journal articles, the public website, or conference presentations.

—Published the inaugural semiannual *Supervision and Regulation Report* summarizing current banking system conditions and the Board's recent supervisory and regulatory actions.⁴⁸

⁴⁸ See the Federal Reserve Board's website, <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20181106a.htm>.

- The report contains quantitative and qualitative information about the current state of the banking system, including aggregate information about the ratings of all holding companies supervised by the Board, as well as trends across firms of all sizes.
- The report was published in conjunction with appearances before Congress by Vice Chair for Supervision Quarles, on November 14 and 15.

—Released the inaugural issue of the *Consumer Compliance Supervision Bulletin*, which focused on redlining as well as discriminatory loan pricing and underwriting.⁴⁹

- The Bulletin aims to enhance transparency regarding the Federal Reserve's consumer compliance supervisory activities by sharing information from examiners' observations related to consumer protection. The publication also provides practical steps that institutions may consider when addressing certain consumer compliance risks.

—Completed and distributed the quarterly *Quantitative Surveillance Report on Financial Stability* to the Board members and FOMC, providing a briefing on related issues at the FOMC meeting.

- The assessments included special topics on financial stability in foreign economies, relationships between economic slack and financial vulnerabilities, research on aggregating vulnerabilities across the household sector, and possible vulnerabilities associated with elevated nonfinancial corporate credit.

—Published the inaugural, semiannual *Financial Stability Report*, providing the public with more information about the Board's assessment of U.S. financial stability.⁵⁰

- The report includes a summary of the Board's framework for assessing the resilience of the U.S. financial system and a discussion of key indicators related to the main financial stability vulnerabilities tracked by the Board, such as asset valuations, borrow-

⁴⁹ The *Consumer Compliance Supervision Bulletin* is available at the Federal Reserve Board's website, <http://www.federalreserve.gov/publications/consumer-compliance-supervision-bulletin.htm>.

⁵⁰ See the Federal Reserve Board's website, <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20181109a.htm>.

ing by businesses and households, leverage in the financial sector, and funding risks.

- Hosted and participated in several conferences, including
 - the International Research Forum on Monetary Policy
 - the Washington Area International Finance Symposium
 - the Consumer Bankers Association and the Interagency CRA Conference
 - *Gender and Career Progression* with the Bank of England and European Central Bank
 - *Developments in Empirical Macroeconomics* with FRB New York
- Published 114 Finance and Economics Discussion Series (FEDS) and International Finance Discussion Papers (IFDP) working papers, 60 short papers in the FEDS and IFDP Notes series, and numerous additional papers in peer-reviewed journals.⁵¹

Objective 6.3: Expand the extent and effectiveness of engagement and collaborations with external entities, as appropriate.

The Board will continue to collaborate with external entities as appropriate to inform the Board’s policy decisions by providing a more complete understanding of the economy and the financial system. Staff will continue to contribute to activities that enhance the resiliency of the financial sector and coordinate with other federal supervisory agencies. Staff will continue to research a wide array of policies, propose guidance on supervisory programs, and address any legislative mandates or changes in the economic conditions.

Projects and Initiatives

- Enhance working relationships and improve engagement with stakeholders, as appropriate, including representatives from academia, the Con-

⁵¹ FEDS working papers are available on the Federal Reserve Board’s website at <https://www.federalreserve.gov/econres/notes/feds-notes/index.htm>, and IFDP working papers are available at <https://www.federalreserve.gov/econres/notes/ifdp-notes/default.htm>.

gress, other government agencies, and international groups to gain broader understanding of the economy and the financial system.

- Participated in international meetings, including the G20, the Basel Committee, the Financial Stability Board (FSB), the Organisation for Economic Co-operation and Development, and the Center for Latin American Studies, as well as in various committees of the Bank for International Settlements (BIS), including the Committee on Payments and Market Infrastructures (CPMI), the Committee on the Global Financial System, and the Irving Fisher Committee.
 - Vice Chair for Supervision Quarles was named chair of the FSB for a three-year term, starting on December 2, 2018.⁵²
- Contributed to the BIS Committee on the Global Financial System report.
- Participate in Alternative Reference Rate Committee (ARRC) meetings with industry participants and continue work to support the transition from USD LIBOR to a new benchmark, such as the Secured Overnight Financing Rate (SOFR).
 - Organized Board meeting with the Economic Committee of the American Bankers Association (ABA) and the Treasury Borrowing Advisory Committee.
 - Hosted the third annual *Banking and the Economy: A Forum for Minorities* at the FRB Richmond’s Charlotte Branch.⁵³
 - The forum is designed to provide minority bank leaders with industry, leadership, and professional development knowledge that will enhance their careers and networks.
 - Published the annual report to Congress, *Preserving Minority Depository Institutions*, on interagency efforts to “preserve and promote” Minority Depository Institutions (MDI) in 2017.

⁵² The FSB, located in Basel, Switzerland, is an international body that monitors and makes recommendations about the global financial stability. It also coordinates national financial authorities and international standard-setting bodies as they work toward developing strong regulatory, supervisory, and other financial sector policies. Vice Chair Quarles will continue to serve as a Board member to the Federal Reserve, in addition to chairing the FSB through 2021. More information is available at <http://www.fsb.org/2018/11/appointment-of-new-fsb-chair-and-vice-chair/>.

⁵³ More information is available at <https://www.kansascityfed.org/events/2018/banking-and-the-economy-forum-for-minorities2018>.

- The System Partnership for Progress works to enhance MDIs' ability to thrive in an increasingly competitive banking environment.⁵⁴
- Jointly published the Financial Stability Oversight Council (FSOC) annual report.⁵⁵
- Established a new box in *Semiannual Monetary Policy Report to Congress* titled “Interest on Reserves and Its Importance for Monetary Policy.”
 - The box explains the role of interest-on-reserves as a monetary policy tool.
 - Provided briefings for congressional staff on the report prior to the Chair’s testimony.
- Collaborate with other regulators and industry participants to develop a practical framework and potential approaches for conducting supervisory stress testing for central counterparties in order to identify and address key risks to the financial system.
 - Developed macroprudential supervisory stress tests of domestic central counterparties (CCPs), previously designated as systemically important by the FSOC, together with the CFTC, engaged the SEC to determine their participation in this exercise, and briefed Governor Brainard on progress to date.
 - Held discussions with the CFTC on developing macroprudential supervisory stress tests of domestic CCPs designated by the FSOC as systemically important.
 - Vice Chair for Supervision Quarles delivered remarks at the Brookings Institution on developing and implementing a new approach to assessing bank resiliency in conducting stress testing, allowing for increased transparency, simplicity, and stability while maintaining the strength of the elements that are central to the program today.⁵⁶
- Foster collaboration to help refine and consult on consumer protection regulations for which the Federal Reserve has authority, working with other agencies and bureaus, as appropriate.
 - Supported work by the Task Force on Consumer Compliance of the Federal Financial Institutions Examination Council to develop and publish a revised version of “A Guide to HMDA Reporting: Getting It Right!”⁵⁷
- Promote strong risk management at systemically important financial market infrastructures, while capitalizing on expertise in the payments, clearance, and settlement areas to support the Federal Reserve’s broader financial stability mission.
 - Worked closely with the U.S. Treasury and other U.S. financial regulators to support FSOC, including work related to the counter-cyclical capital buffer and on assessment of risks to financial stability.
 - Developed an action plan to promote and monitor the United States’ progress in operationalizing the Committee of Payments and Market Infrastructures (CPMI) strategy on addressing endpoint security in wholesale payments systems.
 - Presented the action plan to the Payments System Policy Advisory Committee.
 - Submitted response to the CPMI monitoring template, reporting progress to date by the two Large-Value Payment Systems operating in the United States.
 - Organized a discussion with The Clearing House’s (TCH) management on the firm’s endpoint security activities and coordination on the CPMI strategy going forward.
 - Led efforts to finalize the CPMI and the International Organization of Securities Commissions (IOSCO) Framework for supervisory stress testing of CCPs.
 - Continued oversight and supervision of Financial Market Infrastructures (FMIs) including a restructuring and reprioritizing of (FMI) ordinance resources to ensure focus on the most high-risk work.

⁵⁴ The full report is available at <https://www.kansascityfed.org/events/2018/banking-and-the-economy-forum-for-minorities2018>.

⁵⁵ The FSOC annual report is available at <https://home.treasury.gov/news/press-releases/sm578>.

⁵⁶ See Randal K. Quarles, “A New Chapter in Stress Testing” (speech at the Brookings Institution, Washington, November 9, 2018), <https://www.federalreserve.gov/newsevents/speech/quarles20181109a.htm>.

⁵⁷ The updated guide assists financial institutions in complying with mortgage data reporting requirements under the Home Mortgage Disclosure Act (HMDA) and Regulation C by providing helpful background information and an easy-to-use summary of key provisions. The guide updates reflect amendments pursuant to the Consumer Financial Protection Bureau’s that mandate new data requirements, effective January 2018.

- Launched the “AskFMIRP” mailbox as part of a broader initiative under FMI Risk and Policy to facilitate the development and provision of interpretive guidance on the Board’s risk-management expectations for Financial Market Utilities (FMUs) to Designated FMU supervisory staffs across the System.
- Progressed the development of a searchable database of past examination findings and policy views regarding FMIs to support Federal Reserve supervisory teams in carrying out FMI supervision and oversight responsibilities.

Objective 6.4: Gather information, views, and perspectives on issues related to the Board’s mission from a wide range of constituencies, including consumers, businesses, financial sector participants, community groups, researchers, and elected and other public officials.

The Board will engage with the public on a wide range of issues relevant to the organization’s mission. Staff will work on a broad research agenda that focuses on the macroeconomy and financial markets and will work to assess potential financial stresses that could threaten economic and financial stability.

Projects and Initiatives

- Continue to contribute to domestic and international efforts to improve the quality of financial data that can better inform policymaking.
 - Participated in working groups to improve use of data in monitoring risks to financial stability, including the FSB Shadow-Banking Experts Group and the G20 Data Gaps working group.
- Continue to engage payment system stakeholders in payment system improvement efforts to help improve the speed, safety, and efficiency of the U.S. payment system.
 - Arranged a roundtable discussion of senior executives of global and regionally important FMIs as co-lead of the CPMI-IOSCO Working Group on Cyber Resilience.
 - Continued engagement in international work streams under the auspices of the CPMI, IOSCO, and the FSB, including digital innova-

tions and digital currencies, cyber security, cooperation among authorities, implementation monitoring, and CCP default management auctions.

- Contributed substantively to two international reports:
 - ◆ final report developed jointly by the FSB, Basel Committee on Banking Supervision, CPMI, and IOSCO analyzing the effects of the post-crisis reforms on incentives to centrally clear over-the-counter derivatives;⁵⁸ and
 - ◆ discussion paper issued by the FSB seeking comment on financial resources to support central counterparty resolution and the treatment of equity in CCP resolution.⁵⁹
- Continue to engage diverse stakeholders to solicit and inform their views on Board supervisory, monetary, payments, and regulatory policies toward effective consumer protection, strengthened communities, and household financial stability.
 - Led a project on behalf of the Committee on the Global Financial System to evaluate the effects of “low for long” on financial institutions. Additionally, participated in a project examining the drivers behind capital market developments.
 - Co-led an international workgroup with other central banks and monetary authorities to gain broader perspective on international financial markets and related impact on monetary policy and regulations.
 - Provided technical support and expertise for various meetings with community development organizations to discuss CRA, fair lending, and the Opportunity Zone Program.
 - Co-sponsored a convening of Native American Community Development Financial Institutions, banks, and credit unions at the Flathead Indian Reservation with the Minneapolis Federal Reserve’s Center for Indian Country Development.⁶⁰

⁵⁸ For more information, see <https://www.bis.org/publ/othp29.htm>.

⁵⁹ More information is available at <http://www.fsb.org/2018/11/financial-resources-to-support-ccp-resolution-and-the-treatment-of-ccp-equity-in-resolution/>.

⁶⁰ More information is available at <https://www.minneapolisfed.org/indiancountry>.

—Hosted a Housing Supply Convening for the System to explore the current housing shortage in the U.S., policies that may block efforts to expand the number of housing units, especially affordable units, and competing policy priorities that are impeding scalable solutions for closing the supply gap.

- Participants included experts from the FRB Atlanta, Furman Center for Real Estate and Urban Policy at New York University, National Association of Home Builders, Manufactured Housing Institute, Beekman Advisors, Washington D.C. Office of Planning, Urban Institute, and National Council of State Housing Agencies.

—Issued a call for papers for the 2019 Community Development Research Conference.⁶¹ This biennial event brings together researchers, policymakers, and practitioners to discuss important issues facing individuals and their communities. Titled *Pathways to the Middle Class*, the conference seeks to share research on ways to strengthen and widen paths to the middle class.

⁶¹ More information is available at <https://www.chicagofed.org/region/community-development/2019-cd-conference-call-for-papers>.

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